

United States General Accounting Office

GAO

Fact Sheet for the Chairman,
Subcommittee on Federal Services, Post
Office, and Civil Service, Committee on
Governmental Affairs, U.S. Senate

March 1990

POSTAL SERVICE

Cost of Meetings and Conferences



140993

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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-237474

March 9, 1990

The Honorable David H. Pryor
Chairman, Subcommittee on
Federal Services, Post Office
and Civil Service
United States Senate

Dear Mr. Chairman:

On May 5, 1989, you asked us to look into the scheduling of a Postal Service Traffic Managers meeting in Naples, Florida. You also asked for a list of other similar Postal Service meetings during fiscal year 1989 and their total costs.

We reviewed four such meetings, in addition to the one in Naples, Florida. These meetings were held in Denver, Colorado; Wailea, Island of Maui, Hawaii; Scottsdale, Arizona; and Marina Del Rey, California. In a March 7, 1990, briefing of the Subcommittee on our results, your representative asked that we transmit the charts used at the briefing to you in a fact sheet format. This letter summarizes the information we collected and is supplemented by an appendix that contains further details.

SUMMARY

For fiscal year 1989, about \$6.2 million was charged to financial account 56605, an account for meetings and conferences. This account does not, however, include travel expenses incurred for meetings and conferences. Travel cost is charged to another account that accumulates all travel expenses other than travel related to training. Thus, there is not a single account in which all costs associated with a meeting or conference can be identified. For example, the five conferences we reviewed cost \$450,930. About 53 percent or \$239,625 was charged to account 56605. Most of the remaining costs were charged to the travel account.

For the five conferences we reviewed, the cost per day for each person ranged from \$212 in Denver to \$369 in Scottsdale. Lodging costs ranged from \$63 per night in Denver to \$98 in Scottsdale and Hawaii. Some combination of meals was provided by the Postal Service at all five conferences with a wide variance in costs, especially in the cost of dinners provided. The cost of dinners paid for by the Service ranged from about \$22 at Naples to \$99 at Scottsdale.

Food and alcoholic/non-alcoholic beverage costs at the Scottsdale conference were higher than at the other conferences, which contributed to the higher cost per day of \$369. Postal Service per diem subsistence allowances, similar to other federal entities, are paid in quarter-day increments at \$8.25 for defined high-cost areas and \$7.00 for average-cost areas. The three meals provided attendees at the Scottsdale conference, and paid for by the Postal Service, on October 25-26, 1989, cost \$109 and \$137 per person, respectively, substantially exceeding the total allowable subsistence per diem.

APPROACH

To make total cost determinations, we reviewed the following five conferences.

- Naples, Florida, Office of Transportation and International Services Managers Conference, January 23 to 26, 1989.
- Wailea, Island of Maui, Hawaii, Western Region Division Managers Conference, January 4 to 6, 1989.
- Denver, Colorado, National Controller's Conference, October 18 to 21, 1988.
- Scottsdale, Arizona, Western Region Postal Career Executive Service Conference, October 24 to 27, 1988.
- Marina Del Rey (Los Angeles area), California, Western Region Marketing and Communications Merchandise and Promotions meeting, June 13 to 15, 1989.

To accumulate total cost, we reviewed each participant's travel voucher filed at the San Mateo, California Postal Data Center. We also reviewed copies of hotel invoices and related purchase orders to identify the costs directly billed to the Postal Service. In the few cases where documentation showed that specific individuals attended the conference but travel vouchers could not be found at the Postal Data Center, we estimated travel costs based on the comparable cost incurred by other travelers from the same or nearby area. We did not evaluate the need for the conferences, whether relevant postal business was conducted, or whether all participants needed to be at the conference.

At Postal Service Headquarters we obtained the amount charged to the conferences and meeting account (56605) during fiscal year 1989, and inquired about procedures followed in selecting conference sites. The cost data, as summarized in the appendix,

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was discussed with the Assistant Postmaster General, Department of the Controller. He told us the incurred expenses would be reviewed and that action would be taken to recover any amounts improperly charged.

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As arranged with the Subcommittee, unless you publicly announce the contents of this fact sheet earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will send copies to the Postmaster General, the House Committee on Post Office and Civil Service, and other interested parties. We will also make copies available to others upon request.

If you have any questions, please call me on 275-8676, or Assistant Director Willis Elmore on 268-4950. He, assignment manager Al Turman, and evaluator-in-charge Jim Mosso of our San Francisco Regional Office were major contributors to this fact sheet.

Sincerely yours,



L. Nye Stevens
Director, Government Business
Operations Issues

REVIEW OF POSTAL MEETINGS AND CONFERENCES

Location : Naples, Florida

Sponsor : Headquarters, Mail Processing Department, Office of
Transportation and International Services,
Washington, D.C.

Purpose : Quarterly Transportation Managers Conference

Dates : January 23 to 26, 1989

Attendees :

Headquarters, various transportation officials	21
Regions, various transportation officials	13
Transportation Management Section Center	
- Managers	22
- Dispatch and Routing Supervisors	22
- Others	4
St. Louis Postal Data Center	4
Engineering Support Center statistician	<u>1</u>

Total 87

Principal costs :

Employee per diem and miscellaneous travel expenses	\$12,886
Air fare	34,958
Hotel	
-Lodging	26,173
-Food	3,452
Rental cars	5,457
All other costs (e.g. audio/visual, consultants, etc.)	<u>897</u>

Total conference cost \$83,823

Average daily cost per person [(total cost/qtrs) X 4] \$226
(Includes total quarters charged by participants
and/or estimated by GAO; 1,486 quarters into total
costs times 4 quarters per day)

APPENDIX

APPENDIX

Daily hotel lodging rate:

\$82

Average cost of provided meals :

(Number of people participating in meals divided into total cost of meals billed by the hotel)

<u>Date</u>	<u>Breakfast</u>	<u>Lunch</u>	<u>Dinner</u>
Jan 24	\$3.54 Continental	none	none
Jan 25	\$3.54 Continental	none	\$21.83
Jan 26	\$3.54 Continental	none	none

Twenty employees did not reduce their per diem by the required \$12 for the dinner for a total of \$240, and, available records showed non-employees paid for their own meals.

Location : Denver, Colorado

Sponsor : Headquarters, Finance Group, Washington, D.C.
Purpose : National Controllers Meeting

Dates : October 18 to 21, 1988

Attendees :

Headquarters, Senior Officers	2
Headquarters, Finance Group	27
Regions	27
Field Division Controllers	72
Inspectors	<u>5</u>
Total	133

Principal costs :

Employee per diem and miscellaneous travel expenses	\$14,158
Air fare	48,091
Hotel	
-Lodging	28,257
-Food	14,066
-Beverages including alcoholic (1 reception, 2 dinners)	1,424
Rental cars	651
All other costs (e.g. audio/visual, consultants, etc.)	<u>760</u>
Total conference cost	\$107,407

Average daily cost per person [(total cost/qtrs) X 4] (Same explanation as Naples, FL - 2,029 quarters)	\$212
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Daily hotel lodging rate	\$63
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Specific cost items included in above expenses :

Spouses and guests (\$10 per night hotel surcharge)	\$140
Meals provided but not deducted from per diem	\$216

Average cost of provided meals :

(Same explanation as Naples, FL)

Date	Breakfast	Lunch	Dinner
Oct 18	none	\$11.99	\$33.48
Oct 19	none	\$11.99	\$30.41
Oct 20	none	\$12.29	none

Location: Wailea, Island of Maui, Hawaii

Sponsor : Headquarters, Western Region, San Bruno, California

Purpose : Western Region Division General Managers Meeting

Dates : January 4 to 6, 1989

Attendees :

Western Region Directors	6
Field Division Managers	18
Honolulu Division Secretary	<u>1</u>

Total	25
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Principal costs :

Employee per diem and miscellaneous travel expenses	\$ 2,906
Air fare	11,676
Hotel	
-Lodging	6,990
-Food	5,503
-Beverages including alcoholic (1 dinner)	527
Rental cars	1,030
All other costs (e.g. audio/visual, consultants, etc.)	<u>720</u>

Total conference cost	\$29,352
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Average daily cost per person [(total cost/qtrs) X 4] (Same explanation as Naples, FL - 365 quarters)	\$322
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Daily hotel lodging rate	\$98
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Specific cost items included in above expenses :

Spouses and guests (dinner, luau, portorage)	\$1,743
Meals provided but not deducted from per diem	\$18

Average cost of provided meals :
(Same explanation as Naples, FL)

Date	Breakfast	Lunch	Dinner
Jan 4	none	none	\$58.67
Jan 5	\$18.27 Continental	\$14.18	\$38.00
Jan 6	\$13.94	\$23.96	none

Location: Scottsdale (near Phoenix), Arizona

Sponsor : Headquarters, Western Region, San Bruno, California

Purpose : Western Region Postal Career Executive Service Annual
Conference

Dates : October 24 to 27, 1988

Attendees :

Postmaster General, Western Region Postmaster General, Postal Career Executive Service	161
USPS employee presenters & administrative support	22
Postal union and association representatives	12
Consultants, speaker, business representative	4
Total	<u>199</u>

Principal costs :

Employee per diem and miscellaneous travel expenses	\$16,530
Air fare	44,444
Hotel	
-Lodging	53,217
-Food	61,456
-Beverages including alcoholic (3 pre-dinner receptions)	12,718
Rental cars	656
All other costs(e.g. audio/visual, consultants, etc.)	<u>28,736</u>
Total conference cost	\$217,757
Average daily cost per person [(total cost/qtrs) X 4] (Same explanation as Naples, FL - 2,359 quarters)	\$369
Daily hotel lodging rate	\$98
Specific cost items included in above expenses :	
Spouses and guests (see below)	\$26,822
Meals provided but not deducted from per diem	\$186

APPENDIX

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Average cost of provided meals :
 (Same explanation as Naples, FL)

<u>Date</u>	<u>Breakfast</u>	<u>Lunch</u>	<u>Dinner</u>
Oct 24	none	none	\$51.98 Hors d'oeuvres
Oct 25	\$10.00 Continental	\$23.72	\$75.82
Oct 26	\$10.00 Continental	\$28.09	\$99.19
Oct 27	\$17.48	none	none

Note: All 3 dinners include pre-dinner reception costs.

Costs of Spouses and Guests attending :

	<u>number</u>	<u>cost</u>
Spouses of employees from 3 field divisions who were competing for the best division award. (These were invited by the Western Region Postmaster General.)	23	
--transportation		\$8,375
--dinners and receptions		5,041
Spouses accompanying other postal employees and 1 consultant	48	
--dinners and receptions		9,964
Postal union and association representatives, consultants, speaker, business representatives	16	
--breakfast, lunch, dinner, reception		1,574
--lodging, est		<u>1,868</u>
Total		\$26,822

Location: Marina del Rey, California (near Los Angeles)

Sponsor : Western Region, Marketing and Communications Division,
San Bruno, California

Purpose : Merchandise and promotions meeting with advertising
agency

Dates : June 13 to 15, 1989

Attendees :

USPS mainly merchandising, promotions, & sales	19
advertising agency	<u>4</u>
Total	23

Principal costs :

Employee per diem and miscellaneous travel expenses	\$ 1,917
Air fare	2,679
Hotel	
-Lodging	4,928
-Food	2,715
Rental cars	0
All other costs (e.g. audio/visual, consultants, etc.)	<u>353</u>
Total conference cost	\$12,592

Average daily cost per person [(total cost/qtrs) X 4] \$218

(Same explanation as Naples, FL - 231 quarters)

Daily hotel lodging rate \$77

Specific costs included with above expenses :

Undeducted meals from per diem	\$56
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Average cost of provided meals :

(Same explanation as Naples, FL)

Date	Breakfast	Lunch	Dinner
Jun 13	\$9.31 Continental	\$22.74	\$21.65
Jun 14	\$7.61 Continental	\$16.89	\$13.00
Jun 15	\$7.61 Continental	none	none

All breakfasts presumed to be Continental.

USPS COSTS
FOR MEETINGS AND CONFERENCES

Total costs for FY 1989 in account 56605 for meetings and conferences = \$6,214,212

Accounting system: The Postal Service accounting system provides a unique account (Acct. 56605) to accumulate the cost of meetings and conferences. However, travel associated with meetings and conferences is charged to another unique account (Acct. 51401), which accumulates all travel other than travel related to training. Accordingly, there is not a single account for which all costs associated with a meeting or conference can be identified, as demonstrated below.

Accounting codes:

The costs of the 5 conferences were charged to these accounts, which, except for account 56605, include charges unrelated to meetings and conferences:

56605 - Other operating expenses - Miscellaneous - meetings and conferences (hotel invoices primarily)	\$ 239,625
51401 - Personnel - travel - other than training (required account for travel voucher expenses)	195,615
52321 - Contractual services, other than equipment repairs and maintenance; outside consulting and professional service fees	6,000
52363 - Training - outside instruction - instructors and fees	5,000
51413 - Personnel - travel - training - USPS	2,826
5 other codes	1,864

Total	\$450,930

Sponsor's budget code :

We found that many participants charge expenses to their home unit, instead of to the required budget code of the meeting or conference sponsor. For example, at the Scottsdale conference, costs were charged to the budget codes of :

Finance (sponsor)	\$ 145,137
Planning	38,895
Western Regional Postmaster General	10,532
29 other budget codes	20,460
unknown (missing vouchers) GAO est	2,353

Per Diem Charges

Postal Service per diem regulations are basically the same as other government agencies except they pay the cost of lodging without limitations. The Postal Service pays per diem for official travel based on four 6-hour quarters in a day. The rates are

Defined high cost area	\$8.25 per qtr.
Average cost area	\$7.00 per qtr.

Allowable per diem costs are substantially exceeded when the Postal Service sponsor provides meals. For example, in Scottsdale, 3 meals on October 25 cost \$109 per person while 3 meals on October 26 cost \$137 per person.

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